

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA**

WILLIAM T. WHITMAN, individually and on
behalf of all others similarly situated,

Plaintiff,

v.

STATE FARM LIFE INSURANCE COMPANY,
an Illinois corporation

Defendant.

No. 3:19-cv-06025-BJR

DECLARATION OF MARK MULLINS

I, Mark Mullins, have personal knowledge of the information below and declare as follows:

1. I am an independent contractor agent for State Farm Life Insurance Company ("State Farm Life") in Washington.

2. I am not an employee of State Farm.

3. As an independent contractor agent for State Farm, I provide information to potential policyholders on the many products State Farm offers that help people manage the risks of everyday life and recover from the unexpected so that potential policyholders can select the products of their choice. I provide information about insurance, the risks that make it necessary, how to protect individuals and their property from those risks, and how to help individuals achieve important goals for themselves and their families.

4. I am licensed to market, solicit, and service insurance in Washington. I have been an independent contractor agent since 1994.

5. I understand that this lawsuit involves claims against State Farm Life relating to the Universal Life insurance policy issued on Form 94030, which was sold in Washington between 1994 and 2004 ("the Policy" or "Universal Life").

6. My office is located in Puyallup, Washington, and the majority of the State Farm policyholders assigned to me are located in the Pierce County, Washington area. Pierce County is Washington's second most populous county, and is home to Joint Base Lewis-McChord, a joint army and air force base. The policyholders I service are a mix of commuters, farmers and military families.

7. I purchased a universal life policy for both myself and my wife in 1988 and 1993 respectively. When I bought my policy, I assumed that the policy's cost of insurance rate accounted for State Farm Life's profits and expenses.

8. My custom and practice is to start with a needs-based conversation to learn about the policyholders' needs and budget. From that conversation, the policyholder will often narrow it down to one type of insurance product (either whole, term, or universal life). For policyholders interested

1 in universal life, I would get information regarding the insured's age, sex, and health factors such as
2 tobacco use. Then, I would generate an illustration (typically with a standard tobacco or non-tobacco
3 rate class) and walk the policyholder through the three columns. The illustration had information
4 about the age, sex, and likely rate class of the person whose life would be insured, and showed how
5 the Policy would perform over time based on that information.

6 9. In my experience, the potential policyholders did not want to go through all of the
7 details in the illustration and instead were focused on specific things, such as the premium amounts
8 and how the policy would perform. The focus tended to be on the amounts in those three columns.
9 There was a guaranteed column, representing account value over time using the planned premium
10 amount, and the policyholder and I would discuss how this will impact their monthly rate, along with
11 touching upon the surrender charges. There was also a "non-guaranteed" column representing the
12 account value over time using the planned premium amount, the current cost of insurance for the
13 proposed insured's age, sex and the selected rate class and the current interest rate. Finally, there as a
14 column showing an amount in between these two extremes.

15 10. It has always been my practice to explain to policyholders how the account value and
16 deductions would work with the Universal Life policy. I used a brochure, like the one attached here
17 as Exhibit 1, and the illustration together with an analogy. I described and drew a circle and placed
18 monthly premiums inside, with cost of insurance and expenses coming out. I never used the term
19 "mortality" expense when describing monthly deductions, instead using the phrase "cost of
20 insurance."

21 11. It was my custom and practice to talk to people about how they could be charged
22 differently than the illustrated rates I was showing depending on various factors. Specifically, I
23 explained that the insured on the policy would go through an underwriting process, after which the
24 insured would be assigned a rate class, and that their assigned rate class would depend on tobacco
25 usage and other health factors. I explained that the policyholder would be assigned cost of insurance
26 rate that had been developed for a person matching the insured's age, sex, and rate class.

12. Universal Life policies are very flexible, and there is no “universal use” for the policies. The flexible benefits of the Universal Life Policy allow the policyholder to increase or decrease premium payments, or to adjust the amount of the death benefit (either to increase or decrease), , while also having access to the cash value in the event the customer incurs financial hardships. I am aware of many policyholders that took advantage of this potential. Some policyholders have taken out money to pay rent, others have taken it out to pay tuition or make a down payment, and others borrowed money to use as gifts to others. My goal is and always has been to make sure the policyholder knows that if they take a loan or withdraw from the Policy, their future premium payments may need to be adjusted to make sure that the Policy stays in force.

13. I am also aware of policyholders who used their Policy to maximize their pension. Typically, depending on their employer, policyholders had three options, and there were ways to use the universal life to maximize the policyholder’s pension depending on which of the three options they received through their employer. Other policyholders used the Policy as just a life insurance policy and did not take advantage of the flexibility. As I said, there is no “universal” way the universal life policyholders use their policies.

I declare under the penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 29th of March, 2021 in Puyallup, Washington.



Mark Mullins